

Message Text

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ACTION ACDA-12

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TAGS: AFIN, NATO, US, MBFR
SUBJECT: MBFR SUPPORT OFFICE, VIENNA

REF: MAG/BUD-D(78)1

1. THE NATO AUDITORS SUBMITTED IN REFDOC ITS REPORT OF THE FINANCIAL TRANSACTIONS OF THE MBFR COMMON FACILITIES IN VIENNA FOR THE PERIOD OCTOBER 1, 1973, TO DECEMBER 31, 1975. THIS DOCUMENT WILL BE REVIEWED BY THE CBC SHORTLY.

2. THE BOARD OF AUDITORS RECOGNIZED THAT IT WAS NECESSARY FOR THE NATO INTERNATIONAL STAFF/SECRETARIAT BUDGET TO ADVANCE MONEY TO MBFR TO MEET INITIAL PAYMENTS OF SALARIES OF STAFF TRANSFERRED TO VIENNA AND OF OFFICE RENT, WHILE WAITING FOR CONTRIBUTIONS OF MEMBER COUNTRIES. THESE ADVANCES HAD BEEN REFUNDED BY SEPTEMBER 1976.

3. PARAGRAPH 5 ON BANK INTEREST APPEARS TO BE THE ONLY ITEM OF THE REPORT THAT MIGHT BE DISCUSSED, AND IS QUOTED BELOW, ALONG WITH THE REPLY BY THE NATO FINANCIAL
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CONTROLLER TO THE AUDITORS' RECOMMENDATION:

4. AUDIT REPORT

BEGIN QUOTE: BANK INTEREST FROM THE TWO ACCOUNTS MAINTAINED BY THE SUPPORT OFFICE, ONE ACCOUNT IN BRUSSELS AND THE OTHER IN VIENNA, AMOUNTED TO

AUST.SCH. 115,981.59 AT 31ST DECEMBER, 1974 AND
AUST.SCH. 223,845.29 AT 31ST DECEMBER, 1975. THESE
RECEIPTS WERE INCLUDED AS PART OF THE SURPLUS TO BE
DISTRIBUTED TO THE CONTRIBUTING COUNTRIES. SINCE ABOUT
40 PCT OF THE BUDGETARY EXPENDITURES IN 1973/74 AND
ABOUT 25 PCT IN 1975 WERE PRE-FINANCED BY THE
INTERNATIONAL STAFF/SECRETARIAT BUDGET, IT APPEARS
LOGICAL AND EQUITABLE THAT AT LEAST THESE PROPORTIONS
SHOULD ACCRUE TO THE INTERNATIONAL STAFF/SECRETARIAT
BUDGETS, WHICH COULD BE SAID TO HAVE BEEN DEPRIVED OF
A CORRESPONDING OPPORTUNITY TO EARN INTEREST. THE
BOARD RECOMMENDS THAT THE FINANCIAL CONTROLLER BE
AUTHORIZED TO RE-DISTRIBUTE THE BANK INTEREST AS
APPROPRIATE BETWEEN THE INTERNATIONAL STAFF/SECRETARIAT
AND THE MBFR SUPPORT OFFICE BUDGETS. END QUOTE.

5. FINANCIAL CONTROLLER'S COMMENT:

BEGIN QUOTE: IT STILL HAPPENS THAT TREASURY ADVANCES
ARE GRANTED BY ONE NATO BODY TO ANOTHER. INTEREST ON
OVERDUE PAYMENT HAS, HOWEVER, NEVER BEEN COUNTED.
END QUOTE.

6. ACTION REQUESTED: THE DEPARTMENT'S INSTRUCTIONS AS
TO WHETHER THE DISTRIBUTION REQUESTED BY THE AUDITORS
SHOULD BE ACCEPTED. IT IS UNKNOWN HERE WHAT PROCEDURE
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HAS BEEN FOLLOWED IN OTHER INTERNATIONAL ORGANIZATIONS
TO WHICH THE USG CONTRIBUTES WHEN INTEREST HAS ACCRUED
ON MONEY ADVANCED TO A NEWLY-CREATED OFFICE. BENNETT

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